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The Commodity Credit Corporation (CCC)

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The Commodity Credit Corporation (CCC)

SUMMARY

R44606

May 15, 2025

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The Commodity Credit Corporation (CCC) has served as a mandatory funding mechanism for agricultural programs since 1933. The CCC Charter Act enables the CCC to broadly support the U.S. agriculture industry for authorized purposes and programs including commodity and income support, natural resources conservation, export promotion, international food aid, disaster assistance, agricultural research, and bioenergy development.

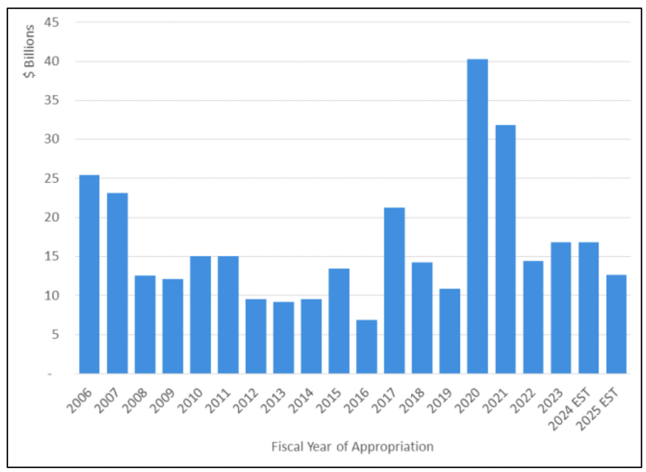
While CCC is authorized to carry out a number of activities, it has no staff of its own. Rather, U.S. Department of Agriculture (USDA) employees and facilities carry out all of its activities. CCC is overseen by the Secretary of Agriculture and a board of directors, which are also USDA officials. CCC has capital stock; buys, owns, sells, and donates agricultural commodities; and provides loans and payments to farmers and ranchers. It has a permanent indefinite borrowing authority of $30 billion from the U.S. Treasury. By law, it receives an annual appropriation equal to the amount of the previous year's net realized loss (see inset figure). This replenishes its borrowing authority from the Treasury and allows it to cover authorized expenditures that will not be recovered. Variations in its annual appropriation each year do not indicate any action by Congress to change program support but rather reflect changes in farm program payments and other discretionary uses of CCC's authority that fluctuate based on economic circumstances and weather conditions.

The majority of CCC activities are authorized through omnibus farm bills—most recently the Agriculture Improvement Act of 2018 (2018 farm bill, P.L. 115-334) and related extensions (P.L. 118-158, Division D; and P.L. 118-22, Division B, §102). Farm bill authorization directs programs to use CCC's borrowing authority, thereby dispensing with the need for an annual appropriation for individual programs. The use of this mandatory spending authority has expanded over time.

The CCC Charter Act also grants the Secretary of Agriculture broad powers and discretion to use the CCC, sometimes referred to as Section 5 authority, to fund activities that support agriculture. The mandatory funding nature of CCC activities may make CCC an attractive funding mechanism but one that is subject to budget enforcement rules if used by Congress. USDA's use of CCC is not subject to the same congressional budget procedures; therefore, certain USDA actions may increase federal spending without needing to be offset under congressional budget enforcement rules.

This discretionary use has been restricted by Congress in the past, which can reduce the Secretary's options to use CCC. Since FY2018, no restriction has been placed on USDA's use of CCC, and both the Trump and Biden Administrations have used CCC for various purposes to support U.S. agriculture. Congress may consider future restrictions as a cost saving measure for budget reconciliation, to offset other spending (e.g., through farm bill reauthorization), or for deficit reduction. Restrictions on CCC's discretionary use authority could impact USDA's ability to respond to adverse economic conditions facing U.S. agriculture, such as trade disruptions or commodity purchases. Congressional support for discretionary use of CCC typically varies depending on amount and purpose. CCC funding and activities authorized by USDA are at the discretion of the Secretary of Agriculture and may change or be suspended by the Secretary of Agriculture at any time (e.g., the current Administration may change or suspend actions taken by a previous Administration).

CCC Net Realized Loss, FY2006-FY2025 (est.)



Sources: Compiled by CRS from USDA, Farm Service Agency (FSA), *Commodity Estimates Book,* FY2008-FY2017 President's Budgets (Output 3); USDA, FSA, *Data Master*, FY2008 through FY2017 President's Budgets; and USDA, FY2016 through FY2025 *Explanatory Notes-Commodity Credit Corporation*, "Account 1: Net Realized Losses." FY2024 and FY2025 estimates are from the FY2025 Explanatory Notes.

Notes: Total funding for CCC is constrained by the $30 billion borrowing limit that does not adjust for inflation. The totals presented are nominal budget authority in billions of dollars not adjusted for inflation. The net realized loss estimated for FY2020 and FY2021 is above the $30 billion borrowing limit due, in part, to a midyear appropriation in FY2020 that reimbursed a portion of the loss before the end of the fiscal year. Actual losses occur in the fiscal year prior to the year of appropriation.

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The Commodity Credit Corporation (CCC) has served as the financial institution for carrying out federal farm commodity price support and production programs since 1933. It is a wholly government-owned entity that exists solely to finance authorized programs that support U.S. agriculture. It is subject to the supervision and direction of the Secretary of Agriculture at the U.S. Department of Agriculture (USDA). The CCC mission was conceived mainly as one of commodity support, but over time it has expanded to include an increasingly broad array of programs, including export and commodity programs, resource conservation, disaster assistance, agricultural research, and bioenergy development.

While CCC operates according to a large number of statutory authorities, its broad powers allow it to carry out many operations to meet the objectives of supporting U.S. agriculture. This broad mandate, and its significant borrowing authority, has traditionally drawn little attention. For most of its history, CCC's responsibilities have been expanded through legislative directives such as the farm bill. From FY2012 through FY2017, Congress took actions to limit the use of CCC funds by USDA through restrictions in appropriations language. Beginning in FY2018, Congress lifted these restrictions, allowing for USDA to use CCC's broad powers and discretionary authority for various payments and purchases related to supporting U.S. agriculture.[1] The expanded use of CCC since FY2018 has generated questions about what the CCC is, how it operates, what its current uses are, and what it may be used for in the future. This report provides a brief review of CCC's unique history, funding structure, general operation, and recent issues associated with its use and possible future restrictions.[2]

Origin of the Commodity Credit Corporation

For over a decade prior to the creation of CCC in 1933, the farm economy struggled with low levels of income from depressed commodity prices and increasing costs for supplies and services. The first major federal effort to boost commodity prices was through the Federal Farm Board, established by the Agricultural Marketing Act of 1929.[3] An inadequate and ultimately failed effort to eliminate commodity surpluses was attempted by making loans to cooperative associations for the purpose of carrying out surplus purchase operations. Without the ability to control production, it was impossible to eliminate surplus stocks. This led to proposals to regulate the harvested acreage of farm commodities and the quantities sold. The concept of acreage and marketing controls was incorporated in to the Agricultural Adjustment Act of 1933 (AAA).[4]

The AAA sought to reduce production by paying producers to participate in acreage control programs. Funding came from a tax on companies that processed farm products. Additional provisions of the law dealt with fair marketing practices and voluntary agreements between producers and handlers of commodities to regulate marketing. CCC was created as the financial institution to carry out and fund the activities of the AAA. Executive Order 6340 of October 17, 1933, directed the incorporation of CCC in the state of Delaware.[5]

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[1] These payments are discussed in the "Discretionary Use" section.

[2] Other CRS reports cover in detail programs and activities authorized through the Commodity Credit Corporation (CCC). For additional information regarding programs and activities authorized through CCC, see CRS farm bill and farm support reports at http://www.crs.gov/iap/agriculture-and-food.

[3] P.L. 71-10; 46 Stat. 11.

[4] P.L. 73-10; 48 Stat. 31.

[5] Executive Order 6340, "Creating the Commodity Credit Corporation," *Public Papers of the Presidents of the United States: Franklin D. Roosevelt* (Washington: GPO, October 16, 1933).

The Delaware charter authorized CCC, among other things, to buy and sell farm commodities; lend; undertake activities for the purpose of increasing production, stabilizing prices, and ensuring adequate supplies; and facilitate the efficient distribution of agricultural commodities. It was originally capitalized in 1933 with $3 million appropriated by Congress. In 1936, sufficient stock was acquired to raise the capitalization to $100 million. Its capital stock remains at this level.[6] In 1939, Executive Order 8219 ordered that all rights of the United States arising out of the ownership of CCC be transferred to the Secretary of Agriculture.[7]

At that time, low prices became so critical for cotton and corn producers that waiting for another season for supply controls to impact the market was judged to be untenable. With the establishment of CCC, it became possible to make *price-support loans*, now commonly referred to as nonrecourse loans, allowing farmers to obtain cash using crops as collateral. These loans provided farmers funds to hold their products off the market until prices improved. The first loans were made to cotton farmers for more than the market price. Since loans were higher than the market price and the loans were nonrecourse, they could be satisfied by forfeiting the cotton pledged as collateral against the loan, thereby serving as a form of price support and effectively establishing a floor price for the domestic market.[8] Funding for these first loan operations came from a tax on commodity processing and from CCC's $3 million capital account, which was appropriated under authority of the National Industrial Recovery Act and the Fourth Deficiency Act.[9]

Constitutional difficulties with some provisions of the AAA, and practical shortcomings with other elements of the law, led to additional legislation in the 1930s that continues to provide permanent authority for many USDA activities. Subsequent omnibus "farm bills" set most of the policy goals and program constraints for farm price and income support operations that are funded through CCC.

CCC Charter Act

The Government Corporation Control Act of 1945[10] (GCCA) required all wholly owned government corporations to be reincorporated as agencies or instrumentalities of the United States. Accordingly, Congress passed the Commodity Credit Corporation Charter Act of 1948 (Charter Act).[11] All CCC rights, duties, assets, and liabilities were assumed by the federal corporation, and the Delaware corporation was dissolved.

[6] The Reconstruction Finance Corporation originally acquired the $100 million capitalization stock. The Reconstruction Finance Corporation was a New Deal–era government corporation that provided financial support and loans, including the recapitalization of banks.

[7] Executive Order 8219, 4 *Federal Register* 3565, August 10, 1939. Executive Order 7848, 3 *Federal Register* 632, March 22, 1938, had previously designated the Secretary of the Treasury as the holder of CCC's capital stock.

[8] David Godfrey, "The Commodity Credit Corporation," Texas Tech University, 1974, http://hdl.handle.net/10601/1696.

[9] 48 Stat. 195, and 48 Stat. 274, respectively.

[10] The Government Corporation Control Act of 1945 (GCCA, 31 U.S.C. §§9101-9110) standardized budget, auditing, debt management, and depository practices for government corporations. The GCCA is not a general incorporation act such as those in effect in the states. The charter for each federal government corporation is the separate enabling legislation passed by Congress. The GCCA also does not offer a general definition of what constitutes a government corporation. It simply enumerates the organizations covered by the act. For additional information, see General Accounting Office, *Government Corporations: Profiles of Existing Government Corporations*, GAO/GGD 96-14, December 1995, https://www.gao.gov/products/GGD-96-14.

[11] P.L. 80-806; 62 Stat. 1070; 15 U.S.C. §714.

Government Corporations in General

Government corporations have existed for over a century. The exact number of government corporations depends on how they are defined (ranging from around a dozen to over 40). While no single definition exists, they are generally defined as agencies of the federal government established by Congress to perform a public purpose. Commonly, they provide a market-oriented product or service and are intended to produce revenue that meets or approximates its expenditures. Generally, government corporations must submit annual management reports to Congress and are assigned to committees of subject matter jurisdiction. Many have a board of directors and are overseen by political appointees or executive branch officials. Commonly, government corporations are perceived as discrete entities with individual administrative requirements defined in law.[12]

According to the Charter Act, the purpose of CCC is to stabilize, support, and protect farm income and prices; assist in maintaining balanced and adequate supplies of agricultural commodities; and facilitate the orderly distribution of commodities. A list of some of CCC's authorities (paraphrased from Section 5 of the Charter Act, 15 U.S.C. §714c) conveys a sense of its broadly stated powers:

- Support agricultural commodity prices through loans, purchases, payments, and other operations.[13]
- Make available materials and facilities in connection with the production and marketing of agricultural products.
- Procure commodities for sale to other government agencies; foreign governments; and domestic, foreign, or international relief or rehabilitation agencies and for domestic requirements.
- Remove and dispose of surplus agricultural commodities.
- Increase the domestic consumption of commodities by expanding markets or developing new and additional markets, marketing facilities, and uses for commodities.
- Export, or cause to be exported, or aid in the development of foreign markets for commodities.
- Carry out authorized conservation or environmental programs.
- Carry out other operations specifically authorized by Congress.

Congressionally Authorized Activities

The majority of CCC operations are governed by statutory authorities that direct USDA on how to administer CCC activities and in what amounts to fund them. Over time, Congress has added new activities to CCC's original mission, including conservation, specialty crop support, and bioenergy development (see text box below). Most of these activities are authorized in periodic omnibus farm bills.[14] In carrying out these operations, CCC is directed, to the maximum extent practicable, to use the usual and customary channels, facilities, and arrangements of trade and commerce.[15]

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[12] Government Accountability Office (GAO), *Federally Created Entities: An Overview of Key Attributes*, GAO-10-97, October 2009, pp. 13-16, https://www.gao.gov/products/GAO-10-97.

[13] Amendments to the Commodity Credit Corporation Charter Act in 2004 preclude tobacco from being considered within the definition of "agricultural commodities" (P.L. 108-357).

[14] CRS In Focus IF12047, *Farm Bill Primer: Background and Status*.

[15] 15 U.S.C. §714c.

Examples of CCC Activities and Programs

CCC is authorized to fund a broad array of programs supporting U.S. agriculture. These programs are typically authorized through omnibus farm bills, most recently the 2018 farm bill (CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*). A general description of the assistance that has been congressionally authorized and examples of associated programs are listed below. This is not an exhaustive list.

Commodity and Income Support provides farm payments and loans when crop prices or revenues decline for major commodity crops—including wheat, corn, soybeans, peanuts, and rice—as well as other support mechanisms for dairy, cotton, and sugar (e.g., Agriculture Risk Coverage, Price Loss Coverage, and Dairy Margin Coverage).

Conservation provides financial and technical assistance for voluntary participation in resource conservation programs to protect soil, water, wildlife, and other natural resources on private lands (e.g., Environmental Quality Incentives Program, Conservation Reserve Program, and Agricultural Conservation Easement Program).

Disaster provides payments for livestock and crop production losses resulting from weather events and disease outbreaks (e.g., Livestock Forage Disaster Program, Noninsured Crop Disaster Assistance Program, and Tree Assistance Program).

Export and Foreign Food Assistance promotes U.S. agricultural products abroad, develops export markets, and supports international food assistance programs (e.g., Agricultural Trade Promotion Program and Food for Progress Program).

Bioenergy provides assistance for the research, development, and adoption of renewable energy—primarily biofuels (e.g., Biorefinery Assistance Program and Rural Energy for America Program).

Specialty Crops supports research, market promotion (including organic certification), and pest and disease prevention for fruits, vegetables, tree nuts, floriculture, and other ornamental products (e.g., Specialty Crop Block Grant Program and Specialty Crop Research Initiative).

Discretionary Use (Section 5 Authority)

The CCC authorities provided to the Secretary of Agriculture under Section 5 of the CCC Charter Act allows the Secretary a level of discretion to carry out many broad operations in support of U.S. agriculture. This discretion (sometimes referred to as Section 5 authority) has been used during CCC's history for various purposes, including purchases of food for distribution, responses to adverse economic conditions, and to fund USDA priorities (see **Table 1**). The scope and scale of this use traditionally has been targeted to specific events, crops, or domestic needs.

Table 1. Examples of USDA's Discretionary Use of CCC

FY2015-FY2024

Fiscal Year	Program Name	Total Authorized Funding Level
2015	Biofuels Infrastructure Partnership Program	$100 million
2016, 2018	Cotton Ginning Cost Share	$542 million
2018-2019	Food Purchase and Distribution Program	$2,600 million
2018-2019	Market Facilitation Program	$28,000 million
2020	Higher Blends Infrastructure Incentive Program	$100 million
2020	Seafood Assistance Program	$530 million
2020	Coronavirus Food Assistance Program (CFAP)	$6,500 million
2021	Drought Recovery & Water Smart Practices	$500 million
2021-2024	School Food/Child Nutrition Support	$4,000 million
2022	Partnerships of Climate-Smart Commodities	$3,500 million
2023	Food Aid to Address Global Hunger	$1,060 million

Fiscal Year	Program Name	Total Authorized Funding Level
2023-2024	Regional Agricultural Trade Promotion Program	$1,680 million

Source: Compiled by CRS from USDA press releases, *Federal Register* notices, and budget documents.

Notes: The nominal authorized level of funding, as announced by USDA, is included. Actual expenditures may vary from authorized levels. Reallocations from unused announced funding are not included. This table is not comprehensive, and no comprehensive list of USDA's discretionary use of CCC is publicly available.

Congress can alter USDA's use of CCC authority through direct amendments to the CCC Charter Act or through limitation, such as in appropriations, on how CCC funds may be used. The latter occurred from FY2012 to FY2017, when Congress limited USDA's discretion to use CCC's authority to remove surplus commodities and support prices. The limitation was included in annual appropriation acts (see text box below).

Restrictions on CCC Use: FY2012-FY2017

Each annual appropriation between FY2012 and FY2017 temporarily prohibited the use of select discretionary authority under CCC. This restriction was specific to any surplus removal activities or price support activities under Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. §714c).[16] This restriction did not affect USDA's ability to administer authorized programs under the 2014 farm bill (P.L. 113-79).[17]

This recurring provision was a reaction to administrative activities following 2009 crop losses, in which the Obama Administration announced that it would implement a disaster program under "Section 32" authority.[18] In 2010, USDA spent $348 million distributed across three categories: (1) select crop producers (upland cotton, rice, soybeans, and sweet potatoes),[19] (2) poultry producers, and (3) aquaculture producers. USDA used CCC authority to make purchases that usually would have otherwise been made with Section 32 funds for domestic feeding programs.[20]

Critics of the 2009 disaster assistance, in Congress and elsewhere, objected to USDA using its authority to make such payments without a legislative mandate. Concerns at that time about the limits on CCC's mandate were related to assistance—or lack thereof—for cottonseed payments, dairy assistance, and biofuel infrastructure.

The FY2018 Consolidated Appropriations Act (P.L. 115-141) did not include these restrictions, thereby allowing the Secretary of Agriculture full use of the CCC Charter Act's discretionary authority. The Secretary of Agriculture used this authority in 2018 and 2019, when it was announced that USDA would be taking several actions to assist farmers in response to economic trade damage from retaliatory tariffs that targeted various U.S. products.[21] USDA used its discretion under the CCC Charter Act to authorize up to $28 billion in total assistance—referred to as the "trade aid" package—for certain agricultural commodities.[22] Secretaries of Agriculture

[16] For example, see Section 715 of the Consolidated Appropriations Act of 2016 (P.L. 114-113) or Section 715 of the Consolidated Appropriations Act of 2017 (P.L. 115-31).

[17] Appropriations acts also limited clause 3 of Section 32, which provides that funds may be used to reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption (7 U.S.C. §612c).

[18] U.S. Department of Agriculture's (USDA) Section 32 program is funded by a permanent appropriation of 30% of the previous year's customs receipts, less certain mandatory transfers. Section 32 funds are used for a variety of activities, including child nutrition programs, the purchase of commodities for domestic food programs, and farm disaster relief. For more information, see CRS Report R48141, *Trends in USDA Procurement of U.S. Food and Agricultural Products*.

[19] On October 22, 2010, USDA announced it would begin making payments to producers in eligible counties under the Crop Assistance Program using payment rates established for each crop. A fact sheet is available at http://www.fsa.usda.gov/Internet/FSA_File/cap10pfs.pdf.

[20] USDA, *Background on 2009 Disaster Assistance*, http://www.agri-pulse.com/uploaded/Disaster_Backgrounder.pdf.

[21] For more information, see CRS Insight IN10880, *China's Retaliatory Tariffs on Selected U.S. Agricultural Products*.

[22] For more information, see CRS Report R45310, *Farm Policy: USDA's 2018 Trade Aid Package*; and CRS Report R45865, *Farm Policy: USDA's 2019 Trade Aid Package*.

have continued to use their administrative discretion to authorize funding and food purchases in response to economic disruptions and administrative priorities (see **Table 1**).

Management of CCC

The Charter Act makes CCC an agency and instrumentality of the United States within USDA, subject to the supervision and direction of the Secretary of Agriculture. A board of directors appointed by the President, consisting of the Secretary and seven other USDA officials, is responsible for the management of CCC.[23] CCC officers and advisors—also USDA officials—are charged with maintaining liaisons with other governmental and private trade operations on the CCC's behalf.

The CCC has no personnel of its own. Rather, USDA employees and facilities carry out all of its activities. Administrative functions generally fall to the USDA agencies directed to administer the various CCC programs. The majority of its functions are administered by the Farm Service Agency (FSA).[24] Other agencies also administer CCC programs, including the Natural Resources Conservation Service, the Agricultural Marketing Service, the Foreign Agricultural Service, and the Food and Nutrition Service. CCC reimburses other agencies for their administrative costs.

CCC cannot acquire property or interest in property unless it is related to providing storage for program implementation or protecting CCC's financial interests.[25] CCC is allowed to rent or lease space necessary to conduct business (e.g., warehousing of commodities).

Financing CCC

CCC is responsible for the direct spending and credit guarantees used to finance the federal government's agricultural commodity price support and related activities that are undertaken by authority of agricultural legislation (such as farm bills) or the Charter Act itself. It is, in brief, a broadly empowered financial institution. The money that CCC needs comes from its own funds (including its $100 million capital stock, appropriations from Congress, and its earnings from sales and fees) and from borrowings. In accordance with government accounting statutes and regulations, CCC is required to submit an annual business-type budget statement to Congress. This is typically released annually with the President's budget request.[26]

The Office of Management and Budget (OMB) also plays a role in how CCC funds are administered through an apportionment process, which allows OMB to set a limit on the funds available for obligation and subsequent outlay.[27] OMB apportions funds for select CCC programs and operating expenditures.[28] OMB is precluded, however, from apportioning funds "for price

[23] 15 U.S.C. §714g.

[24] The bylaws of CCC name the administrator of the Farm Service Agency (FSA) as executive vice president of CCC, which "shall have general supervision and direction of the day-to-day conduct of the business of the Corporation and its officers." USDA, CCC, *Bylaws of the Corporation*, May 3, 2022, https://www.usda.gov/sites/default/files/documents/usda-ccc-bylaws.pdf.

[25] 15 U.S.C. §714b(h).

[26] CCC budget estimates can be found annually at USDA, Office of Budget and Program Analysis, https://www.usda.gov/about-usda/general-information/staff-offices/office-budget-and-program-analysis.

[27] General Accounting Office, *Commodity Credit Corporation: Information on the Availability, Use, and Management of Funds*, GAO/RCED-98-114, April 1998, http://www.gao.gov/assets/230/225533.pdf.

[28] In accordance with the Antideficiency Act, as amended (31 U.S.C. §1512), among other statutory requirements.

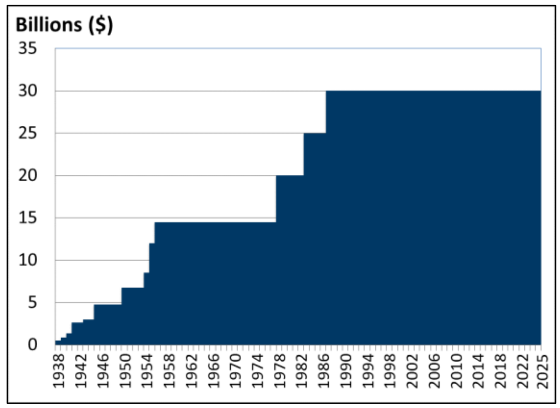
support and surplus removal of agricultural commodities" and therefore may not limit funds for this purpose unless it relates to administrative expenses.[29]

Borrowing Authority and Related Appropriations

CCC borrows from the U.S. Treasury to finance its programs. CCC has permanent indefinite authority to borrow from the Treasury (and also private lending institutions) within limits set by Congress in statute. As the amount of money used to carry out its activities has grown over time, the borrowing limit has steadily increased (**Figure 1**). CCC's borrowing authority has been capped at $30 billion since 1987.[30]

Figure 1. CCC's Borrowing Authority

1938-2025



Source: CRS from USDA, *Reports of Financial Conditions and Operations of the CCC*, various years.

Notes: The graph illustrates the year in which legislation authorized an increase in the nominal borrowing authority. Prior to 1938, CCC had no specific borrowing authority. In 1954, Congress passed two increases, one to $8.5 billion and a second to $10 billion.

Most CCC-funded programs are classified as mandatory spending programs and therefore do not require annual appropriations in order to operate. Mandatory spending, however, is subject to budget enforcement procedures such as cut-as-you-go (CUTGO) and pay-as-you-go (PAYGO) rules.[31]

CCC activity is often described using two similar but different measures. The first is *net expenditures*, which is a combination of outlays and receipts. The second is *net realized losses*, which are expenditures that will never be recovered.

Net Expenditures

CCC recoups some money from authorized activities (e.g., sale of commodity stocks, loan repayments, and fees), though not nearly as much money as it spends, resulting in net expenditures. Net expenditures include all cash outlays minus all cash receipts, commonly referred to as "cash flow." CCC outlays or expenditures represent the total cash outlays of the CCC-funded programs (e.g., loans made, conservation program payments, commodity purchases, and disaster payments). Outlays are offset by receipts (e.g., loan repayment, sale of commodities, and fees). In practice a portion of these net expenditures may be recovered in future years (e.g., through loan repayments).

Net Realized Losses

CCC also has net realized losses, also referred to as nonrecoverable losses. These refer to the outlays that CCC will never recover, such as commodities sold or donated, uncollectible loans,

[29] 31 U.S.C. §1511(b)(1)(A).

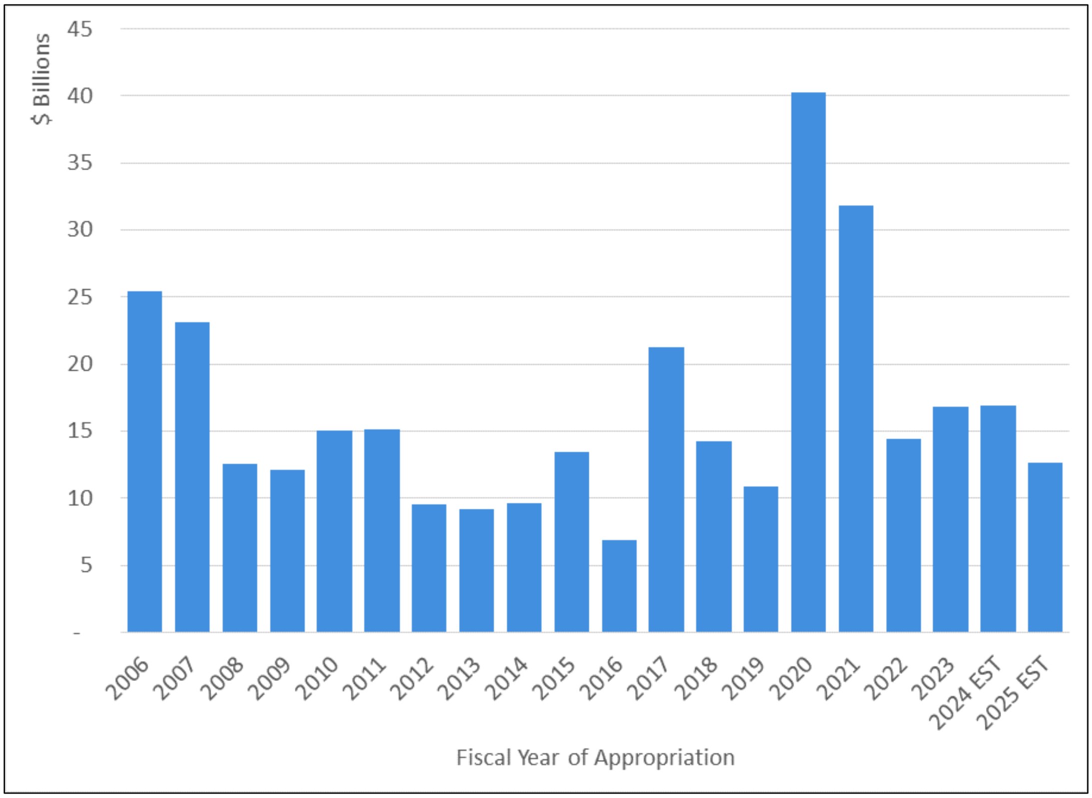
[30] 15 U.S.C. §714b(i).

[31] In general, pay-as-you-go (PAYGO) rules require legislation that is projected to increase mandatory spending or reduce revenues to also include offsetting provisions over a specified period. For more information on the House and Senate PAYGO rules, see CRS Report R41510, *House Rule XXI, Clause 10: The CUTGO Rule* and CRS Report RL31943, *Budget Enforcement Procedures: The Senate Pay-As-You-Go (PAYGO) Rule*, respectively. For information on how budget enforcement affects the farm bill, see CRS In Focus IF12233, *Farm Bill Primer: Budget Dynamics*.

storage and transportation costs, interest paid to the Treasury, program payments, and operating expenses. The net realized loss is the amount that CCC, by law, is authorized to receive through appropriations to replenish its borrowing authority (see **Figure 2**).[32]

Figure 2. CCC Realized Losses

FY2006-FY2025



Sources: Compiled by CRS from USDA, Farm Service Agency (FSA), *Commodity Estimates Book,* FY2008-FY2017 President's Budgets (Output 3); USDA, FSA, *Data Master*, FY2008 through FY2017 President's Budgets; and USDA, FY2016 through FY2025 *Explanatory Notes-Commodity Credit Corporation*, "Account 1: Net Realized Losses." FY2024 and FY2025 estimates are from the FY2025 Explanatory Notes.

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Appropriations to Reimburse Net Realized Loss

The annual appropriation for CCC varies each year based on the net realized loss of the previous year.[33] For example, the FY2021 appropriation (P.L. 116-260) covered the net realized loss for the previous year of $31.8 billion. This reduced by more than half the next year, to cover a net realized loss of $14.4 billion. The decline does not indicate any action by Congress to change

[32] 15 U.S.C. §713a-11.

[33] According to a General Accounting Office report, CCC changed the manner in which it calculates its request for an appropriation to cover its net realized losses in 1998 in response to recommendations from USDA's Office of Inspector General. Prior to 1998, the annual appropriation request included estimates for prior and future losses. This resulted in an over-appropriation of about $5 billion in FY1996 due to overestimates of CCC's prior and future losses. General Accounting Office, *CCC: Information*, GAO/RCED-98-114.

program support; it reflects changes in farm program payments and other uses of CCC's authority that fluctuated based on economic circumstances and weather conditions. Also, CCC's assets, which include loans and commodity inventories, are not considered to be "losses" until CCC ultimately disposes of the asset (e.g., by sales, exports, or donations). Once CCC has disposed of these assets, its total losses are realized and are added to other program expenses less any other program income.

Reimbursement Timing

Congress has annually appropriated CCC funding to cover its net realized losses incurred in the previous fiscal year. The total amount appropriated is based on the required financial statement and audit of the CCC following the completion of a fiscal year.[34] The financial statement and audit typically are not completed until several months following the end of the fiscal year, thereby resulting in a gap between the end of the fiscal year and the receipt of the annual appropriated reimbursement.

Many farm program payments are required to be made annually in October (e.g., Agricultural Risk Coverage, Price Loss Coverage, Conservation Stewardship Program, and the Conservation Reserve Program).[35] In most years, CCC has enough room within the borrowing authority limit to make these payments before receiving its annual appropriated reimbursement. In years of high expenditures, CCC could reach its borrowing authority limit before receiving its appropriation.[36] If CCC reaches its borrowing limit, all functions and operations of CCC would be suspended until the borrowing authority is restored through the reimbursement that is pursuant to an appropriation.

The timing of this appropriation may be altered if Congress were to authorize reimbursement before the conclusion of the annual financial statement or at a time other than the conclusion of the fiscal year. Both of these timing adjustments have occurred in recent years.

Anomaly

In the absence of an enacted Agriculture appropriation at the beginning of a fiscal year, Congress may pass a continuing resolution (CR) to continue operations and prevent a government shutdown. In general, a CR continues the funding rates and conditions that were in the previous year's appropriation. In some cases, exceptions (or "anomalies") are also included in CRs to provide changes and exceptions to the general funding rate or to address special circumstances. In FY2017 and FY2019-FY2021, CCC expenditures for the previous fiscal year were high enough that Congress included an anomaly in CRs allowing CCC to receive its annual reimbursement before completion of the required financial statement and audit. The anomaly did not change the amount reimbursed or the financial reporting requirement, only the timing of when CCC could receive reimbursement. Under a CR without the anomaly, CCC could still receive its annual reimbursement following the completion of the required financial statement and audit. Congress

[34] 15 U.S.C. §713a-11. Audits are in accordance with 31 U.S.C. §9105.

[35] For example, the farm bill directs that for certain farm commodity programs, such as the Price Loss Coverage program "the payments shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity" (7 U.S.C. §9016(e)).

[36] The Congressional Budget Office (CBO) baseline projection for CCC estimates these first quarter of the fiscal year outlays in its estimate of the availability of funds for discretionary use. CBO, *Baseline Projection for USDA Farm Programs*, "Appendix B. Assumptions for Estimating CCC Section 5 Use Under the $30 Billion Borrowing Limit," January 2025, https://www.cbo.gov/data/baseline-projections-selected-programs#23.

may also include an anomaly in a regular appropriation that could shift the timing of when CCC could receive reimbursement.

Supplemental Appropriation

CCC operates as a line of credit, borrowing funds from the U.S. Treasury as needed to carry out its activities. The net realized loss is provided through appropriations and reimbursed to the Treasury, effectively lowering the CCC's outstanding debit. Typically, the reimbursement occurs annually through the annual appropriations process; however, Congress can choose to authorize a reimbursement of CCC's net realized losses before the end of the fiscal year, thereby reducing CCC's debit and allowing additional expenditures in a given fiscal year. This occurred in FY2020, when the CARES Act (P.L. 116-136, §11002) allowed for up to $14 billion of CCC's net realized losses to be reimbursed as of the June 2020 financial report. This supplemental appropriation did not permanently raise the CCC's borrowing authority limit but rather paid off a portion of its debit earlier than usual, allowing it to incur more expenses within FY2020 and FY2021. This is why the net realized loss for FY2020 and FY2021 in **Figure 2** is above the $30 billion borrowing authority threshold. Supplemental appropriations to reimburse the CCC are uncommon; most of which having occurred in the 1980s.[37]

Non-Borrowing Authority Appropriations

Some CCC operations are financed through appropriated funds and are unrelated to the permanent indefinite borrowing authority described above. These activities have included specific statutory authorities for separate reimbursements—for example, export credit guarantee programs, foreign donations, concessional sales under the Food for Peace Program (P.L. 83-480, also known as P.L. 480), and disaster aid.

Historically, CCC had what was referred to as a "parent/child" account relationship with U.S. Agency for International Development (USAID). CCC allocated funds (as the parent) to USAID (as the child) to fund P.L. 480 Title II and Bill Emerson Humanitarian Trust transportation costs and other administrative costs in connection with foreign commodity donations. CCC then reported USAID's budgetary and proprietary activities in its financial statements.[38] On January 20, 2025, President Trump began taking actions affecting U.S. foreign assistance and USAID. As of this writing, USAID's role in providing foreign assistance and the use of CCC for these purposes is evolving.[39]

Congress may also appropriate funding to programs or activities authorized to receive CCC funds but not drawn from the borrowing authority. For example, the act commonly referred to as the Inflation Reduction Act of 2022 (IRA, P.L. 117-169) authorized additional funding for conservation, rural development, and forestry programs that are authorized to receive CCC funds. Funding provided by the IRA is in addition to funding received through CCC.[40]

[37] In the 1980s, CCC received nine supplemental appropriations to cover losses that exceeded the borrowing authority limit at the time. Congress increased the borrowing authority limit three times in the same period (1982, 1983, and 1987; see **Figure 1**).

[38] USDA, Office of Inspector General, *Commodity Credit Corporation's Financial Statements for Fiscal Years 2024 and 2023*, Audit Report 06403-0007-11, November 2024, https://usdaoig.oversight.gov/reports/audit/commodity-credit-corporations-financial-statements-fiscal-years-2024-and-2023.

[39] For additional information, see CRS In Focus IF10261, *U.S. Agency for International Development: An Overview*.

[40] For example, P.L. 117-169, §21001, directs "using the facilities and authorities of the Commodity Credit Corporation" (but not the funds), as compared to other provisions of farm bills that state to "use the funds, facilities, and authorities of the Commodity Credit Corporation" (e.g., 16 U.S.C. §3841).

Considerations for Congress

The mandatory funding nature of CCC activities may make it an attractive funding mechanism for both Congress and the Secretary of Agriculture. Any expansion of activities or programs authorizing mandatory funding by Congress is subject to budget enforcement rules and may require a spending/revenue offset or a waiver of congressional budgetary rules. USDA's discretionary use of CCC is not subject to the same congressional budget offset requirements; therefore, certain USDA actions can increase federal spending without budget enforcement procedures requiring offsets. Both the Trump and Biden Administrations used CCC for various purposes to support U.S. agriculture.[41] These administrative actions were undertaken using CCC's discretionary authority; therefore, no budget offset was required under congressional budget procedures. CCC's indefinite funding authority means that expenditures for USDA's CCC uses were automatically reimbursed as a net realized loss. Without offsets, this increases total federal spending.

Congress has restricted the use of CCC in the past and may consider future restrictions as a cost saving measure for budget reconciliation, to offset other spending (e.g., through farm bill reauthorization), or for deficit reduction. Such a restriction was proposed in the 118th Congress as part of the House ordered to be reported farm bill.[42] The bill proposed restricting USDA's discretionary use of CCC between FY2025 through FY2034, which was estimated to save $5.4 billion over the 10-year scoring period.[43] The savings would have partially offset additional spending on other farm support measures.[44] Restrictions on CCC's discretionary use authority, however, could impact USDA's ability to respond to adverse economic conditions facing U.S. agriculture, such as trade disruptions, or to make commodity purchases.

Congressional support for discretionary use of CCC typically varies depending on the amount used and for what purpose.

During the first Trump Administration, the total amount authorized by USDA through CCC for the trade aid package was more than previous individual discretionary uses of CCC.[45] This increase in spending brought CCC close to its borrowing authority limit of $30 billion; congressional action altered the timing of CCC's appropriation and of a supplemental appropriation that restored CCC's borrowing authority.[46] While these congressional actions by the 116th Congress could be viewed as congressional support for the trade aid package, some in

[41] For example, during the first Trump Administration, USDA used CCC to mitigate commodity price declines from retaliatory tariffs on a variety of U.S. agricultural products. See USDA, "[Archived] Market Facilitation Program," https://www.farmers.gov/archived/protection-recovery/mfp. An example during the Biden Administration was CCC's use to issue payments for agricultural producers to implement "climate-smart" production practices. See USDA, "[Archived] Partnerships for Climate-Smart Commodities Project Summaries," https://web.archive.org/web/20250110181709/https://www.usda.gov/climate-solutions/climate-smart-commodities.

[42] H.R. 8467; §1608.

[43] CBO, "Estimate of H.R. 8467 Relative to CBO's June 2024 Baseline Projections," November 8, 2024, https://www.cbo.gov/publication/60972.

[44] For more information, see "Budgetary Impact" in CRS Report R48167, *The 2024 Farm Bill: H.R. 8467 Compared with Current Law*.

[45] For additional information on MFP, see CRS In Focus IF11289, *Farm Policy: Comparison of 2018 and 2019 Market Facilitation Programs*; and CRS In Focus IF11245, *FY2019 Supplemental Appropriations for Agriculture*.

[46] See "Reimbursement Timing" section; §119 of the FY2020 continuing appropriations act (P.L. 116-59); §118 of the FY2021 continuing appropriations act (P.L. 116-159); and §11002 of the CARES Act (P.L. 116-136).

Congress still questioned the amount and distribution of expenditures, yet wanted to avoid the consequence of reaching the borrowing limit and the effects on other CCC programs.[47]

During the Biden Administration, CCC funds were used to create market opportunities for U.S. agricultural and forest products produced using climate-smart production practices. Although the development of markets is an included use of CCC Section 5 authority, the approach of the initiative to incentivize commodities produced using climate-smart practices caused some in Congress to question its validity.[48] The Government Accountability Office determined that USDA's use of CCC's Section 5 authority for the initiative was an authorized use.[49] Legislation has been introduced that would expand CCC's authorized uses, and other legislation proposes to restrict it.[50]

CCC funding and activities authorized by a Secretary of Agriculture, including current and past Secretaries, are at the discretion of the current Secretary of Agriculture. Previously announced uses may change or be suspended by an Administration at the Secretary of Agriculture's discretion.[51] Congress may continue or amend these activities through legislation; funding to do so may be subject to congressional budgetary constraints. Despite the temporary nature of the activities authorized by the Secretary through CCC, funds are available until expended once transferred from CCC to a USDA agency for implementation. If funding authorized for a purpose during a previous Administration is not carried out by the subsequent Administration, USDA is not to return the funds to CCC but rather may use the funds for other programs or purposes authorized under CCC Section 5 authority or return the funds to the Treasury.[52]

Conclusion

CCC is a government-owned and broadly empowered financial institution supporting U.S. agriculture. Its activities are derived from authorities granted by Congress. It is one of several mandatory funding mechanisms used in omnibus farm bills but is not the largest when measured by funds obligated.[53] The nature of its borrowing authority and use of funding can raise questions

[47] For example, see Letter from Sen. Debbie Stabenow et al. to Sonny Perdue, Secretary of Agriculture, November 12, 2019, https://www.agriculture.senate.gov/mfp-letter; and Letter from Sen. John Hoeven et al. to Nancy Pelosi, Speaker of the U.S. House of Representatives, September 17, 2019, https://republicans-agriculture.house.gov/UploadedFiles/CCC_Letter.pdf.

[48] See Letter from Rep. Dan Newhouse et al. to Tom Vilsack, Secretary of the U.S. Department of Agriculture, October 28, 2022, https://westerncaucus.house.gov/uploadedfiles/10.28.22_ccc_climate_smart_commodities_letter_signed.pdf; and Letter from Sen. Chuck Grassley and Rep. Chip Roy to Chuck Schumer, Majority Leader of the U.S. Senate and Mike Johnson, Speaker of the House of Representatives, December 7, 2023, https://www.grassley.senate.gov/imo/media/doc/grassley_roy_to_congressional_leaders_-_farm_bill.pdf.

[49] GAO, *Decision: U.S. Department of Agriculture—Use of Commodity Credit Corporation Funds for Various Programs*, B-334146.1, September 20, 2023.

[50] For example, in the 118th Congress, H.R. 6690 and S. 2876 would have expanded CCC's authorized uses, and H.R. 8467 and S. 2244 would have restricted CCC use.

[51] For example, the Local Food Purchase Assistance Cooperative Agreement Program (LFPA) was authorized during the Biden Administration and cancelled during the Trump Administration. According to media reports, a USDA spokesperson was quoted as saying, "These programs [LFPA], created under the former Administration via Executive authority, no longer effectuate the goals of the agency." Marcia Brown, "USDA Cancels $1B in local food purchasing for schools, food banks," *Politico*, March 10, 2025.

[52] GAO, *Decision: USDA—Use of CCC*, B-334146.1.

[53] For more on total funding for agricultural activities, see CRS Report R48431, *Agriculture and Related Agencies: FY2025 Appropriations*.

about how CCC's functional operations support some of USDA's core farm program activities and whether they should or could be expanded or reduced.

The authorities that Congress has granted to CCC allow it to carry out many operations that are consistent with the objective of supporting U.S. agriculture. These same broad powers and the CCC's borrowing authority have also made CCC an object of attention, and of controversy at times, among the legislative and executive branches, stakeholders, and some interest groups.

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